

Message Text

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TO AMEMBASSY PARIS

C O N F I D E N T I A L STATE 025254

PARIS PLEASE PASS ASSISTANT SECRETARY ENDERS; LIMDIS

FOL REPEAT BRASILIA 886 SENT ACTION SECSTATE JAN 31

QTE

C O N F I D E N T I A L BRASILIA 0886

LIMDIS

FOR ASST SECRETARY ENDERS

E.O.11652: GDS

TAGS: ENRG, BR

SUBJECT: USG THINKING ON PETROLEUM

REF: A. STATE 022610 B. BRASILIA 787

1. SUMMARY: BRAZIL FONMIN EXTREMELY PLEASED PROMPT AND
SUBSTANTIVE US RESPONSE. SOUTO MAIOR, FOREIGN
MINISTER'S CHEFE DE CABINET, RAISES ADDITIONAL QUESTIONS
ON TIMETABLE AND STRUCTURE OF CONFERENCE. GOB
FLATTERED BY PROSPECT OF BEING PARTICIPANT IN A RESTRICTED
MEETING OF MAJOR COUNTRIES. END SUMMARY

2. IN LETTER TO FOREIGN MINISTER, JANUARY 31, AMBASSADOR
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TRANSMITTED CONTENTS REFTEL A.

3. MINISTER SOUTO MAIOR, SILVEIRA'S CHEF DE CABINET, IN MEETING WITH ECON COUNSELOR, WARMLY EXPRESSED APPRECIATION PROMPT US RESPONSE. COUNSELOR., IN ORAL PRESENTATION, underscored KEY POINTS, INCLUDING US POSITION IN FAVOR OF SMALL MEETING PERMITTING CONSTRUCTIVE DIALOGUE. SOUTO MAIOR, WITH OBVIOUS SATISFACTION AND PLEASURE, NOTED IMPLICATION US INTEREST IN BRAZIL'S PARTICIPATION AS A SPOKESMAN OF LDC CONSUMERS.

4. SOUTO MAIOR SAID GOB WAS JUST BEGINNING TO FORMULATE A POSITION AND THAT AMBASSADOR'S LETTER WOULD BE EXTREMELY USEFUL IN GOB'S INTERNAL DELIBERATIONS, INCLUDING NUMBER OF AGENCIES. GOB WOULD APPRECIATE BEING KEPT INFORMED ON DEVELOPMENT OF US THINKING AS IT FORMULATES ITS OWN VIEWS.

5. FOLLOWING SPECIFIC POINTS AMERGED:

A. TIME TALBE: SOUTO MAIOR WONDERED WHETHER US HAD SPECIFIC TIME TABLE FOR MOVING FROM STAGE 2 (PREPARATORY MEETING) TO STAGE 4 (SUBSTANTIVE CONSUMER-PRODUCER CONFERENCE). COUNSELOR SAID US HAD ALWAYS FELT THAT FORMULATION OF A WELL THOUGHT-OUT CONSUMER POSITION WAS OF THE ESSENCE FOR A SUCCESSFUL CONFERENCE, AND THAT THE TIMING OF A CONFERENCE WOULD DEPEND ON HOW QUICKLY CONSUMERS WOULD COMPLETE STAGE 3.

B. BILATERAL OR TRILATERAL CONFERENCE: SOUTO MAIOR WONDERED WHETHER US THOUGHT OF COUNTRIES LIKE BRAZIL SITTING AS MEMBERS OF CONSUMER GROUPS OR ENVISAGED THIRD GROUP REPRESENTING LDC CONSUMER INTERESTS. COUNSELOR SAID THAT USG WOULD WISH TO STAY AS CLOSELY IN TOUCH AS POSSIBLE WITH GOB, AND THAT US WAS OF COURSE PREPARED TO SEE (AND WOULD WELCOME) BRAZIL'S PARTICIPATION IN A MAJOR CONSUMER CONFERENCE; WE RECOGNIZED, HOWEVER, THAT MAJOR CONSUMERS PARTICIPATING IN INTERNATIONAL ENERGY AGENCY CONSTITUTED A GROUP MORE HIGHLY ORGANIZED THAN BRAZIL PREPARED TO JOIN AT THIS TIME, AND THAT OTHER DIMENSIONS OF BRAZILIAN FOREIGN POLICY MIGHT PRECLUDE

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SUCH A MOVE. SOUTO MAIOR SAID THAT NO DECISION HAD BEEN MADE -- ALTHOUGH EARLIER FRENCH PROPOSAL, TO WHICH GOB HAD RESPONDED POSITIVELY, HAD FORESEEN A TRILATERAL STRUCTURE; SPEAKING PERSONALLY, HE THOUGHT THAT GOB WOULD BEEL UNCOMFORTABLE WITH DUAL STRUCTURE, AND WOULD DEFINITELY PREFER TRILATERAL APPROACH. COUNSELOR NOTED THAT EVEN GIVEN SUCH A TRILATERAL STRUCTURE WHICH HAD BEEN FORESEEN IN VARIOUS EARLIER SCENARIOS,

THERE REMAINED QUESTIONS OF COORDINATION AND ORCHESTRATION
BETWEEN THE INDUSTRIAL AND LDC CONSUMERS WHICH SHOULD
BE THE SUBJECT OF FURTHER DIALOGUE.

C. NUMBER OF PARTICIPANTS: SOUTO MAIOR WAS LESS
DEFINITE IN HIS VIEWS IN REGARD TO PARTICIPATION.
HE FULLY ACCEPTED THE DESIRABILITY OF LIMITING THE
NUMBER OF PARTICIPANTS IN ORDER TO FACILITATE A CON-
STRUCTIVE DIALOGUE BUT IMPLICITLY RECOGNIZED THE SEVERE
PRESSURES WHICH WOULD BUILD UP IN FAVOR OF ENLARGEMENT
OF THE CONFERENCE (AS WELL AS THE POLITICAL DIFFICULTIES
GOB WOULD CREATE FOR ITSELF WITHIN THE HEMISPHERE AS
SPOKESMAN FOR LATIN AMERICAN LDC
CONSUMERS.)

D. SCOPE AND FOCUS OF CONFERENCE: SOUTO MAIOR
(TAKING NOTE OF REFTEL A, PARA 2, D), WONDERED WHETHER
"ENERGY AND RELATED PROBLEMS" AND RELATED REFERENCES
TO PRICE AND SECURITY OF SUPPLY DID NOT REALLY MEAN
"PETROLEUM". COUNSELOR AGREED, NOTING THAT OTHER
FORMS OF ENERGY -- INCLUDING COAL .. SHOULD PROBABLY
COME INTO THE PICTURE FOR THE MOST PART ONLY INDIRECTLY,
IN TERMS OF THEIR INFLUENCE ON PETROLEUM DEMAND AND
COST PRICE OF ALTERNATIVES TO PETROLEUM. SIGNIFICANTLY, SOUTO
MAIOR WAS VAGUE WITH RESPECT TO GOB'S PROSPECTIVE ATTITUDE
ON ISSUE OF BROADENING SCOPE OF CONFERENCE TO INCLUDE
OTHER RAW MATERIALS.

5. COMMENT: EMBASSY STRONGLY RECOMMENDS THAT
DIALOGUE BEGUN WITH AMBASSADOR SILVEIRA EXCHANGE
AND AMBASSADOR'S LETTER BE CONTINUED ON A TIMELY BASIS.
GOB HAS BEEN AND WILL BE APPROACHED BY OTHER GOVERNMENTS
AND USG CAN ONLY STAND TO GAIN BY DIALOGUE.
PETROLEUM WOULD SEEM TO BE AN OPERATIONALLY MEANINGFUL AREA
IN WHICH IT IS IN OUR INTEREST TO MAKE THE DIALOGUE FULL AND
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FRANK. THIS DOES NOT MEAN THAT GOB WILL BE AN EASY AND
RESPONSIVE PARTNER. GOB IS FLATTERED BY THE PROSPECT OF ENTERING
THE RAREFIED ATMOSPHERE OF A MEETING RESTRICTED IN
NUMBER AND TO MAJOR COUNTRIES. ON THE OTHER HAND,
BRAZIL HAS OTHER INTERESTS AND INHIBITIONS WHICH
WOULD PRECLUDE ITS UNQUALIFIED SUPPORT OF, AND FULL
IDENTIFICATION WITH THE POSITION OF A WESTERN CON-
SUMER CAUCUS, SUCH AS ITS POSITION AS RAW MATERIALS
SUPPLIER AND ITS THIRD WORLD IDENTIFICATIONS. ON
BALANCE, EMBASSY BELIEVES US STRATEGY SHOULD BE
TO TAKE FULL ADVANTAGE OF GOB'S ASPIRATIONS WITH
GOOD PROSPECT OF ENLISTING GOB AS A RESPONSIBLE, IF INDE-
PENDENT, PARTICIPANT IN THE FORTHCOMING CONSUMER
PRODUCER DISCUSSIONS.

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